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ABSTRACT

The Carnation-ILWU (International Longshoremen's and Warehousemen's Union) Project attempted to find employment for a group of unskilled and semiskilled manufacturing workers displaced by the closing of the Carnation Company of Oakland, California. Although more than 2,000 employers were contacted in Alameda County in the year following the closing, the few job openings that were found were unsuitable for the displaced workers. Researchers at the University of California at Los Angeles surveyed a sample of 164 employers who had been contacted by the Carnation Project staff. Their findings suggested three major barriers to the successful implementation of Title III of the Job Training Partnership Act (JTPA). First, JTPA lacked influence on the job market, and program participants were not sufficiently skilled to induce employers to hire them. Second, employers feared that participation would create heavy demands on their time and did not see the programs as reliable sources of labor. Finally, the options available through Title III are not attractive to displaced workers, who tend to be relatively uneducated older people with family obligations, who must find immediate employment to maintain their current lifestyles. It was recommended that Title III develop closer ties with the private sector and with regular job placement agencies and provide options for individual help for program participants. (KC)

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Barriers to Implementing Title III
of the Job Training Partnership Act:
Alameda County Employers' Perspective

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Barriers to Implementing Title III
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When the federal Job Training Partnership Act (JTPA) was passed in 1982, it was widely hailed by political and business leaders for its potential in linking workers, training, and jobs. Replacing the much-maligned CETA, JTPA is based on the notion that private employers--who account for 80% of the nation's employment and who presumably know best what skills are needed in the work place--should provide training and jobs to the unemployed. Thus, it embodies the Reagan Administration's philosophy that the cure for unemployment lies in the competitive, profit-motivated private sector, not in more government programs. Clearly, the success of JTPA depends upon large-scale participation by private employers.

The Carnation-ILWU (International Longshoremen's and Warehousemen's Union) Project provided a natural setting in which to observe the business community's responses to JTPA. Located in Oakland (an area hard-hit by plant closures) and operating between July 1983 and June 1984, this JTPA-Title-III project was aimed at finding employment for a group of unskilled and semiskilled manufacturing workers who had lost their jobs when

Carnation Company of Oakland closed down in May 1983. The workers were union members and had earned over \$11 an hour at Carnation for work that required little in the way of reading, writing and arithmetic abilities, or job skills. Because most workers sought immediate employment due to financial pressures, the project's principal employment strategy targeted employers for a direct approach. With backing from local officials and Chambers of Commerce, project staff solicited over 2,000 employers in Alameda County appealing to their need for reliable, stable employees. But few of the firms contacted agreed to hire and train participants, and most of the job openings that were located paid low wages and proved to be unsuitable for the displaced Carnation workers.

Why did so few employers participate in the Carnation Project? What barriers were encountered in this effort to place minimally skilled displaced workers in private-sector jobs or training programs? To answer these questions, a study was undertaken at UCLA's Graduate School of Education in the fall of 1984. Data were collected, by means of telephone interviews, from 164 employers who had been among those contacted by Carnation Project staff. The sample was drawn from all industry groups except government. Thirty-eight percent were small firms (25 or fewer employees); 32%, medium-sized firms

(26-100 employees); and 30%, large firms (more than 100 employees). About four in five of the interview respondents said they played a role in formulating personnel policy within their firms. The rest had no role in policy but participated in hiring workers.

The study was intended to explain why so few employers participate in government-sponsored manpower programs and what replacement jobs exist for minimally skilled but previously well-paid workers. The interview questions related to entry-level jobs that require no outside training or previous experience. Data were analyzed by means of cross-tabulations and, in some cases, stepwise logistic regression techniques.

The Employers' Perspective

Six major findings emerged from the study.

- Poor economic conditions did not account for low employer response to the Carnation Project. Most of the respondents reported that at the time the Carnation Project was operating, they were making profits and even expanding their workforce because of increased business.
- Most respondents said that they relied on unsolicited walk-ins and on referrals by current employees to

fill their entry-level job vacancies. California's state job agency, the Employment Development Department, was the most commonly mentioned formal source. Over two-thirds indicated that they had never used public jobs programs as a source of new hires. Of those who had (mostly large firms), over half said that their experience with such programs (CETA being the most frequently cited) was unsatisfactory.

- Of those respondents who played a role in formulating their firm's personnel policy, 85% (chiefly from small and medium-sized firms) had either never heard of JTPA or knew no more about it than its name.
- Two-thirds of the respondents said they would not hire from JTPA-Title-III programs primarily because they were satisfied with their current hiring sources or because hiring from public jobs programs was not worth the cost of becoming involved in these programs. Many who said they might use Title III added that their participation would depend on the program's criteria and on the quality of the participant pool.

- Slightly over half of the respondents (mostly from small firms) said they were not attracted by the on-the-job training (OJT) subsidy programs. It was simply too small to serve as an incentive for hiring minimally skilled participants from government programs.
- Most of the entry-level jobs available required little skill or training and paid starting wages of under \$8 an hour. Small firms paid the lowest wages and afforded the fewest opportunities for advancement. Many respondents indicated that applicants who were union members and who had been paid high wages in their previous jobs stood less chance of being hired.

Limitations of the Study

The limitations of the study reported here should be recognized. The Carnation-ILWU Project represents only one effort and may differ in some respects from other JTPA-Title-III programs. For instance, the participant characteristics--minimally skilled but previously well-paid--are not necessarily typical of the clientele to which Title III is targeted; further, Oakland-Alameda

County may have certain economic and social features that distinguish it from other regions in ways that make it atypical. But the findings from this study are consistent with other evidence and raise serious questions for discussion about Title III. Moreover, certain characteristics of the East Bay make it extremely appropriate for a study of this kind. Alameda County is a large metropolitan labor market that ranks second in the number of plant closings in the nation's most populous state. The county was traditionally the industrial center of the Bay Area, but has developed into a major governmental, financial and commercial region. This shift away from manufacturing jobs to service jobs is a trend which is also evident in many other parts of the country and which has serious implications for labor policy.

The Three Barriers

The findings suggest three major barriers to the successful implementation of Title III.

Title III's Lack of Influence on the Job Market

Title III's chances for success are doubtful under poor economic conditions (that is, when business is so bad that employers are forced to freeze hires or to lay off workers). But even when conditions are good, Title III

faces several formidable barriers.

For one thing, because only a finite number of jobs are available in the labor market at any given time and because employers usually fill job openings informally as they occur, Title III's success depends largely on chance: on contacting the employer just as a job opens. As one employer commented during an interview: "When I have an opening, there's no program; and when there's a program, I don't have an opening." Moreover, persistent and relatively high levels of unemployment, along with employers' inclinations to hire the most qualified job applicants, pose a clear obstacle to minimally skilled workers in the jobless queue. Given a 7% jobless rate, the implication is that Title III participants are up against keen competition in the contest for new jobs. In addition, employers have reacted less than enthusiastically to the financial subsidies offered as incentives to hire targeted workers. JTPA's OJT subsidy and the Targeted Jobs Tax Credit are underutilized by employers and have not induced them to hire people from these programs. Finally, although some policymakers believe that public resources should be spent to stimulate private investment and thus create more jobs, political and financial constraints have generally impeded such economic development ventures. Even if these constraints

could be overcome, linking economic development policies to manpower programs may not in themselves be an effective way to stimulate economic growth. Economic factors like low energy costs, low levels of unionization, low taxes, and low wages seem to play a much more significant role (Alexander Grant & Co., 1984). In other words, training by itself does not create jobs.

Title III's Weak Ties to Business

Essential linkages between Title III and the private sector appear missing. Further, a review of past programs designed to enlist business in helping to solve unemployment problems suggests that it may be difficult to attract and sustain the private sector's interest and involvement in achieving manpower goals. Although the private sector is not homogeneous and many firms have responded positively to the incentives offered by past manpower programs, employers typically fear that participation in government programs will result in heavy demands on their time and increased interference with their operations. Further, few employers see these programs as reliable sources of labor.

Evidence of the existence of this barrier is supported from a variety of sources, including interviews with experts, conducted during the course of the study

reported here. According to the late Paul Bullock (October 2, 1985), UCLA labor economist and Los Angeles City Private Industry Council member, Title III faces a dilemma. On one hand, it targets workers who need help finding jobs but who avoid formal classroom training because they lack basic skills or because they simply cannot afford such training without living stipends (which JTPA does not provide). On the other hand, it relies on private employers, who are in business to make a profit and who understandably prefer the most qualified and job-ready applicants.

Berk Fragner (October 2, 1985), chairman of the Los Angeles County Private Industry Council, says there is nothing job-oriented in JTPA that appeals to employers. Those private-sector employers who participate in JTPA usually do so in a spirit of public service. Fragner points out that employers want entry-level workers who have "basic education and a stick-to-it-ness attitude," adding that most employers--especially those in small firms, where most job growth occurs--have neither the leisure nor the luxury to fool around with workers who are not job-ready. To offset the employer's risk as much as possible, JTPA should concentrate on preparing applicants for employment. As the program operates now, he says, "you send a dollar to Washington and you get back three

cents."

Steve Duscha, executive director of California's Employment Training Panel (a state agency that links publicly funded job training to employer demand), remarks (September 16, 1985) that employers typically do not want to hire people out of training programs. They prefer either to hire workers who are already experienced in the job or to hire inexperienced workers and train them on-the-job according to their particular specifications. If their workforce must be retooled, employers would rather retrain their existing workers than hire new and untried workers from outside programs.

In short, expert opinion, as well as empirical evidence indicates that Title III faces formidable difficulties in trying to forge linkages with the private sector--linkages which are essential to its success.

Limited Options for Displaced Workers

The options available through Title III programs are not suitable for experienced but low-skilled workers like those from Carnation Company. Job training programs, while politically popular, are not attractive to displaced workers, who tend to be relatively uneducated older people with family obligations. They must find immediate employment to maintain their current lifestyles. But

acceptable replacement jobs are in short supply. A recent Department of Labor report (Flaim & Sehgal, 1985) noted that most of the displaced workers laid off between 1979 and 1984 were still unemployed or were working at part-time or low-paying jobs. Further, according to some authorities, public training programs frequently emphasize narrow skills training at the expense of basic education and job-search skills (fundamental to getting and keeping a job), they do not relate training to the needs of employers, and they too often reflect a "quick-fix" mentality on the part of policymakers. Utah State University economist Gary Hansen, who evaluated the successful Ford-United Auto Workers' closing in Northern California, said in an interview (September 19, 1985):

it's the politicians' idea to get as much bang for the buck as they can so they support programs halfway where the result is watered-down programs with no real training being done. The policy of giving them a dollars worth of training and sending them on their way does not work.

The Big Question

Can the barriers identified here--Title III's lack of influence on the job market, its weak ties to business, and the limited options it offers to displaced workers--be

overcome? The answer to this question would seem to be no. The problems Title III attempts to solve are enormous and there are limits to what a social policy like JTPA can accomplish, for several reasons: First, the nation's occupational structure is changing, with low-paying service jobs replacing high-paying manufacturing jobs, and the economy cannot create enough jobs to absorb the structurally unemployed. Second, employers tend to resist becoming involved in government manpower programs and will probably continue to do so as long as they see that the costs outweigh the benefits. Third, in reacting to governmental pressures, policymakers persist in offering only quick, short-term solutions that do not live up to their promise. And finally, fiscal constraints resulting from the huge federal budget deficit would seem to preclude the initiation of any sustained and well-funded long-range government programs that might more effectively address the problem.

Making Title III Work Better

Despite these constraints, a policy to mitigate the effects of displacement is clearly needed. To that end, three recommendations are offered.

1. Title III should develop closer ties with the private sector. Links to employers, and especially small

employers who account for the major share of job growth, are weak. The offer of an OJT subsidy is simply not enough. Thus, Title III planners must find ways to overcome employers' negative attitudes toward and ignorance of public programs. Outreach must go beyond marketing efforts. Local leaders in business, education, and training must get together to determine which program features are most likely to induce employers to hire and train participants. Title III programs must then be refocused to highlight those features. If policymakers cannot convince employers that participation is to their benefit and that the program participants are desirable employees, then Title III's impact will be limited.

2. Title III should develop closer ties with regular job placement agencies. While most firms rely on informal methods to fill entry-level job vacancies and give convincing reasons to do so, the state employment agency is the most frequently used formal source. Title III programs must develop closer links with such agencies. Moreover, the agencies themselves must upgrade their services if employers are to be persuaded to alter their current procedures for filling job vacancies. These changes would streamline the process of linking workers with jobs, would reduce duplication of effort, and would maximize the impact of public dollars.

3. Title III should provide options to insure that program participants get the individual help they need for continued employment in an unpredictable labor environment. Changing technology, increasing competition, and the aging population are trends that have clear implications for workers and employers alike: Unless something is done, displaced workers with few skills and little education will remain unemployable, and employers will have an inadequate pool of entry-level applicants from which to choose. Thus, ways need to be found to improve workers' basic educational backgrounds as well as their basic job skills. In the short-run this will make them more attractive to employers and in the long-run it will reduce their risk in the event of future closures. To accomplish this, comprehensive employability programs, featuring small classes designed to meet workers' needs (language and math classes, job search workshops), should be established. To encourage participation, living stipends linked to early enrollment and completion must be provided. Short-term skill training must be linked to concurrent education classes.

These measures would help to narrow the gap that exists between education and training providers and the business community. And, by giving private firms a more qualified pool of applicants from which to choose, it

should attract the participation of employers and make them more willing to provide on-the-job training.

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Author Notes

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